
CMAQ Update - electronic version October 30, 1998 - Special Update

Environmental and Energy Study Institute

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--- A periodic newsletter on TEA-21'S Congestion Mitigation and Air Quality Improvement (CMAQ) program ---

DOT CALLS FOR COMMENT ON CMAQ PROGRAM

DOT is seeking comment on the CMAQ program in preparation for its final CMAQ guidance expected in December. Below is a copy of the CMAQ interim guidance published in the federal register on October 26. DOT is accepting comments until November 30 on the interim guidance or any aspect of the CMAQ program. DOT is also seeking comment on specific questions "related to the new flexibilities in the CMAQ program under TEA-21," which are listed below. Comments will be considered when the final CMAQ guidance is prepared. Other formats of the guidance can be obtained from the Federal Register Online via GPO Access at (wais.access.gpo.gov).

In addition, DOT held four CMAQ listening sessions and has scheduled a session on TEA-21's environmental and planning provisions for November 6 in Providence, RI. According to DOT, at the session, top level DOT officials will listen to invited speakers' comments on CMAQ implementation and there will be some opportunity for public comment from the audience. The session will be held at the Providence Marriott Hotel, Charles and Orms Streets, Providence, RI 02904. For further information: Contact the FHWA's Environmental Operations Division at 202-366-0106 or the Metropolitan Planning Division at 202-366-4044.

Interim CMAQ Guidance and request for comments printed in the October 26 Federal Register:

DEPARTMENT OF TRANSPORTATION Federal Highway Administration Federal Transit Administration [FHWA Docket No. FHWA-98-4317]

Transportation Equity Act for the 21st Century; Interim Implementation of the Congestion Mitigation and Air Quality Improvement Program

AGENCY: Federal Highway Administration (FHWA), Federal Transit Administration (FTA), DOT.

ACTION: Notice; request for comments.

SUMMARY: This document publishes interim implementation guidance on section

1110 of the Transportation Equity Act for the 21st Century (TEA-21), Pub. L. 105-178, 112 Stat. 107, for the congestion mitigation and air quality improvement program (CMAQ) to offer the opportunity for comment into the development of final guidance on this program. The interim guidance provides informational items on issues related the reauthorized CMAQ program, new provisions regarding eligible geographic areas under TEA-21, and guidance related to projects now eligible for CMAQ funds. With the exception of the issues discussed in this interim guidance, all provisions of the policy guidance issued on March 7, 1996 (61 FR 50890, September 27, 1996) continue to apply. The FHWA and the FTA intend to issue final, comprehensive guidance on the new CMAQ program following opportunity for interested parties to comment. In addition, the FHWA and the FTA will host four forums in the near future to provide an opportunity for those directly involved to assist in developing the final guidance.

DATES: This interim guidance is effective October 26, 1998.

Comments on the development of final guidance must be received on or before Monday, November 30, 1998.

ADDRESSES: Your signed, written comments must refer to the docket number appearing at the top of this document and you must submit the comments to the Docket Clerk, U.S. DOT Dockets, Room PL-401, 400 Seventh Street, SW., Washington, DC 20590-0001. All comments received will be available for examination at the above address between 10 a.m. and 5 p.m., e.t., Monday and Friday, except Federal holidays. Those desiring notification of receipt of comments must include a self-addressed, stamped envelope or postcard.

FOR FURTHER INFORMATION CONTACT: For the FHWA program office: Mr.Michael J. Savonis, Office of Environment and Planning, (202) 366-2080; For the FTA program office: Mr. Abbe Marner, Office of Planning, (202)366-4317; For legal issues: Mr. S. Reid Alsop, (202) 366-1371. Office hours are from 8 a.m. to 4:30 p.m., e.t., Monday through Friday, except Federal holidays.

SUPPLEMENTARY INFORMATION:

Electronic Access

Internet users can access all comments received by the U.S. DOT Dockets, Room PL-401, by using the universal resource locator (URL):http://dms.dot.gov. It is available 24 hours a day, 365 days each year. Please follow the instructions online for more information and help. An electronic copy of this document may be downloaded using a modem and suitable communications software from the Government Printing Office's Electronic Bulletin Board Service at (202) 512-1661. Internet users may reach the Federal Register's home page at: http://www.nara.gov/fedreg and

the Government Printing Office's database at: http://www.access.gpo.gov/nara.

Background

In addition to the interim guidance which is included in this notice, the FHWA and the FTA would like input on a number of questions and issues related to the new flexibilities in the CMAQ program under TEA-21. Specific questions are listed later in this notice and interested parties are urged to provide written comments. Also, comments on any othe aspect of the CMAQ program are welcomed and will be taken into account in the development of final guidance.

(Authority: 23 U.S.C. 315; sec. 1110, Pub. L. 105-178, 112 Stat. 107 (1998); 49 CFR 1.48 and 1.51)

Issued on: October 7, 1998. Kenneth R. Wykle, Gordon J. Linton, FHWA Administrator. FTA Administrator.

The text of the interim implementation on the CMAQ program reads as follows:

I. Interim Implementation of the Congestion Mitigation and Air Quality Improvement Program

Information: Interim Implementation of the Congestion Mitigation and Air Quality Improvement (CMAQ) Program.

Associate Administrator for Program Development, FHWA HEP 40/TPL-12 Associate Administrator for Planning, FTA Regional Federal Transit Administrators Regional Federal Highway Administrators Federal Lands Highway Program Administrator

The CMAQ program was reauthorized in the recently enacted Transportation Equity Act for the 21st Century (TEA-21). The primary purpose of the CMAQ program remains the same: to fund projects and programs in nonattainment and maintenance areas which reduce transportation-related emissions. Some changes to the CMAQ program were included in TEA-21 however, and those changes are the subject of this Interim Guidance. The FHWA and FTA intend to issue final, comprehensive guidance on the new CMAQ program by December 1998 and will initiate a process for receiving stakeholder input on that guidance in the near future.

This Interim Guidance provides: (1) Informational items on issues related to the reauthorized CMAQ program, (2) new provisions regarding eligible geographic areas under TEA-21, and (3) guidance related to projects now eligible for CMAQ funds. With the exception of the issues discussed in this Interim Guidance, all provisions of the March 7, 1996, Guidance on the CMAQ program continue to apply.

1. Informational Items

1. a. Authorization Levels and Apportionment Formula

Table 1 shows the CMAQ authorization levels by fiscal year (FY) as included in TEA-21. The CMAQ funds will be apportioned to States each year based upon the adopted apportionment formula as shown in Table 2. Following the apportionments, States are encouraged to suballocate CMAQ funds to the nonattainment and maintenance areas in each State. The States need to be mindful that the highest priority for CMAQ funds continues to be transportation control measures (TCMs) identified in the State implementation plan (SIP).

Table 1.--TEA-21 CMAQ Authorization levels

Fiscal year authorization	amount
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authorized		
FY 1998	.1,407,474,000	
FY 2003	.1,433,996,000	
Table 2TEA-21 CMAQ Apportionment Formula		

Pollutant weighting factor

Classification at the time of annual apportionment

Ozone.....

 Submarginal
 .8

 Marginal
 1.0

 Moderate
 1.1

 Serious
 1.2

 Severe
 1.3

 Extreme
 1.4

Carbon Monoxide.....

Nonattainment (for CO only)...... 1.0

Ozone and Carbon Monoxide......

Ozone nonattainment or maintenance and CO maintenance.....1.1 x O<INF>3 factor

Ozone nonattainment or maintenance and CO nonattainment.. 1.2 x O<INF>3 factor

All States--minimum apportionment....

1/2 of 1 percent total annual apportionment of CMAQ funds.

1.b. Minimum Guarantee

The TEA-21 provides a minimum guarantee that requires each State to receive funding in an amount not less than 90.5 percent of the estimated annual Federal gasoline tax payments that State pays into the Highway Trust Fund. Due to the minimum guarantee, the annual authorizations listed in Table 1 are the basic authorization levels and could be increased depending on actual Highway Trust Fund receipts.

1.c. Apportionment Formula

The CMAQ funds are apportioned according to a formula based on air quality need which is calculated in the following manner. The population of each area in a State, that at the time of apportionment is a nonattainment or maintenance area for ozone and/or carbon monoxide

- (CO), is multiplied by the appropriate factor listed in Table 2. Key changes in the apportionment formula under TEA-21 are noted below.
- Areas that are designated and classified as submarginal and maintenance areas for ozone are now explicitly included in the apportionment formula;
 - There are new weighting factors for CO nonattainment areas;
- The upper limit on the amount of CMAQ funds that the largest States (California, New York, and Texas) could receive is now lifted, ensuring that CMAQ apportionments more closely reflect needs based upon nonattainment and maintenance area designations and classifications in each State; and
- The freeze related to the apportionment formula due to language in the National Highway System Designation Act of 1995 has been lifted. This freeze had the effect of apportioning CMAQ funds based on nonattainment status as of 1994, regardless of whether redesignation had occurred. This approach has now been replaced by a formula using current designations and classification at the time of apportionment.

1.d. Minimum Apportionments

Each State is guaranteed at least \1/2\ of 1 percent of each year's CMAQ authorized funding regardless of whether the State has any nonattainment or maintenance areas.

1.d.1. States Without a Nonattainment Area

If a State does not have, and has never had, a nonattainment area, the State may use its minimum apportionment for any projects eligible under the STP, in addition to projects eligible under the CMAQ program. As noted in the March 7, 1996, guidance, such States are encouraged to give priority to the use of CMAQ program funds for the development of congestion management systems, public transportation facilities and equipment, and intermodal facilities and systems, as well as the implementation of projects and programs produced by those systems.

1.d.2. States With a Nonattainment Area

Some of the States receiving minimum apportionments have nonattainment or maintenance areas. The population in these areas when weighted by the severity of the pollution is insufficient to bring these States CMAQ funds up to the minimum apportionment levels. Additional flexibility is granted under TEA-21 for these States. Specifically, a State receiving the minimum apportionment may use that portion of the funds not based on its nonattainment and aintenance area population for any project in the State eligible under the Surface Transportation Program (STP). The FHWA will provide a list of these States and a description of the flexibility granted them at a future date.

1.e. Transferability of CMAQ Funds

States may transfer CMAQ funds to other programs according to the following provision. An amount not to exceed 50 percent of the State's annual apportionment may ransferred less the amount the State would have received if he CMAQ program was authorized at \$1,350,000,000. Any transfer of such funds must still be obligated in nattainment and maintenance areas. This increment of transferable funds will differ from year-to-year and State o-State depending on overall authorization evels. Each year the FHWA and the FTA will inform each State how much of their CMAQ funding is

transferable, if any.

1.f. Study on the Effectiveness of the CMAQ Program

The TEA-21 directs the Secretary of Transportation and he EPA Administrator to enter into arrangements with the National Academy of Sciences to conduct a study on the ffectiveness of the CMAQ program. Among other things, the study will evaluate the emissions reductions attributable to CMAQ funded projects. The results of the tudy will be provided to Congress not later than January 1, 2001. The study will be funded by deducting \$500,000 per year from the total CMAQ apportionments for FY 1999 and FY 2000. More information about the status of this effort will be provided as the details and scope of this study are fully developed.

2. Eligible Geographic Areas

2.a. Maintenance Areas

Maintenance areas that were designated nonattainment, but have since met the air quality standards are now explicitly eligible to receive CMAQ funding. Such areas must have met the classification requirements of the 1990 Clean Air Act Amendments when designated nonattainment (see 2.c. below) in order to be eligible.

If a State has ozone or CO maintenance areas only, the State must now exclusively use its CMAQ funding in those areas contained within its borders. Previous guidance allowed such States flexibility to use their CMAQ funding for projects eligible under the STP if aState could demonstrate that it had sufficient funding to meet its air quality commitments within a maintenance area. Such flexibility is no longer allowed since maintenance areas are now included in the apportionment formula and the eligibility provisions require that CMAQ funding be used in nonattainment and maintenance areas.

2.b. Particulate Matter (PM-10) Nonattainment and Maintenance Areas
Nonattainment and maintenance areas for PM-10 are also now explicitly eligible to receive CMAQ funding. Under the previous guidance, CMAQ funding had been extended to such areas under administrative discretion provided that two requirements were met. First, the EPA had to attest that progress toward attainment of the ozone and/or CO standards would not be delayed by funding PM-10 mitigation projects under the CMAQ program. And second, the State had

to notify all nonattainment and maintenance areas that PM-10 projects were to be funded. Now that the law explicitly recognizes these areas as eligible, such requirements are lifted. States that have PM-10 nonattainment or maintenance areas only (i.e., no ozone or CO nonattainment or maintenance areas) are granted additional flexibility under TEA-21. Since these areas are not included in the CMAQ apportionment calculation, the State may use its minimum apportionment for projects eligible under the STP or the CMAQ program anywhere in the State. However, such States are encouraged to use their CMAQ funds in the PM-10 nonattainment and maintenance areas.

2.c. Classification Criteria

An area that is designated as a nonattainment area for ozone, CO or PM-10 under the Clean Air Act prior to December 31, 1997, is eligible for CMAQ funds provided that the area is also classified in accordance with sections 181(a), 186(a), or 188(a) or (b) of the Clean Air Act. This means that ozone nonattainment areas must be classified ``marginal" through

``extreme," and CO and PM-10 nonattainment areas must be classified either ``moderate" or ``serious" to be eligible for CMAQ funding. Submarginal ozone nonattainment areas are now included in the CMAQ apportionment formula, but are not mentioned in the eligibility criteria of TEA-21. To resolve this apparent oversight, we are extending CMAQ eligibility to submarginal ozone nonattainment areas. Areas that were designated with these classifications and subsequently redesignated to maintenance areas are also eligible.

2.d. Revised National Ambient Air Quality Standards (NAAQS)

The CMAQ eligibility provisions under TEA-21 allow that any area designated as nonattainment after December 31, 1997, be eligible for CMAQ funding even though it may not be classified in accordance with the sections of the Clean Air Act cited above (see section 2.c.). This provision ensures that any areas designated nonattainment as a result of the revised ozone and PM air quality standards, promulgated in 1997, will be eligible for CMAQ funding. Such areas, however, will not be included in the apportionment formula since they will not be given classifications identified in the Clean Air Act Amendments of 1990 (sections 181(a), 186(a), or 188(a) and (b)). Such areas that are subsequently redesignated to maintenance areas are also eligible.

2.e. Revocation of the 1-Hour Ozone Standard

As part of the transition to the 8-hour ozone standard, EPA recently revoked the 1-hour standard in areas that had the requisite 3 years of ``clean" monitoring data. The list of areas for which the 1- hour standard has been revoked is found in the June 5, 1998, Federal Register. Among this group, those areas that had approved maintenance plans by the effective date of the revocation June 5, 1998 will continue to have their maintenance plans in full force. As maintenance areas, they will continue to be eligible for CMAQ funds and will be included in the annual apportionment formula. The conformity requirements will also continue to apply in these areas.

Other areas among the group for which the 1-hour ozone standard has been revoked do not have approved maintenance plans. They may not have submitted a maintenance plan or the plan may not have been approved by June 5. These areas, then, are no longer designated nonattainment or maintenance relative to the 1-hour standard. As such, these areas will not be subject to the conformity requirements and they will no longer be able to meet the basic statutory requirement for CMAQ eligibility unless they are designated nonattainment or maintenance for CO and/or PM. In order to provide continuity in the transportation/air quality planning process, the FHWA and the FTA are establishing an interim period for these areas providing some continued eligibility under the CMAQ program. Air quality improvement projects in the first 3 years of the Transportation Improvement Program (TIP) will remain eligible for CMAQ funding, subject to the usual State and local direction regarding project selection. The metropolitan planning organizations (MPOs) in these areas will have 4 months from the date of this guidance to amend their TIPs in response to this guidance. After this time frame, CMAQ funding will be restricted to only CMAQ-eligible projects in the first 3 years of the TIP.

At the time of issuance of this interim guidance, EPA's policies regarding the revocation of the PM-10 standard were still under development. Issues affecting the distribution of CMAQ and eligibility under the program for areas affected by the revocation of the PM-10

standard will be addressed in the final program guidance.

3. Newly Eligible Projects

3.a. Extreme Low-Temperature Cold Start Programs

Projects intended to reduce emissions from extreme cold-start conditions are now eligible for CMAQ funding. This TCM is listed in Clean Air Act Section 108(f)(A)(1) and was heretofore excluded from eligibility for CMAQ funding. Examples of such projects include:

- Retrofitting vehicles and fleets with water and oil heaters; and
- Installing electrical outlets and equipment in publicly-owned garages or fleet storage facilities.
- 3.b. Magnetic Levitation Transportation Technology Deployment Programs The CMAQ funds may be used to fund a portion of the full project costs (including planning, engineering, and construction) pursuant to Section 1218-Magnetic Levitation Transportation Technology Deployment Program of TEA-21. For these projects, the Federal share may be up to 100 percent of the eligible costs.

3.c. Public Private Partnerships

The TEA-21 provides greater access to CMAQ funds for projects which are cooperatively implemented by the public and private sectors and/or non-profit entities. Public/private initiatives are addressed in the existing CMAQ guidance (see section II.A.13); however, the new statutory language leads to several important changes regarding the eligibility of joint public/private initiatives.

Proposed programs or projects no longer are required to be under the primary control of the cooperating public agency. Also, two of the three criteria which helped to define eligibility for joint public/private ventures in the March 1996 CMAQ guidance will no longer apply since the restrictions are not supported by the new statutory language. These criteria were: That the activity normally be a public sector responsibility, and that private ownership be shown to be cost-effective. The third criterion, noting the public agency's responsibility to oversee and protect the investment of Federal funds in a public/private partnership, continues to apply.

Eligible activities under the public/private partnership provisions include:

- Ownership or operation of land, facilities or other physical assets;
- Cost-sharing of project expenses:
- Carrying out administration, construction management or operational duties associated with a project; and
 - Any other form of participation approved by the U.S. DOT Secretary.

While the new statute provides greater latitude in funding projects initiated by private or non-profit entities, it also raises concerns about the use of public funds to benefit a specific private entity. Since the public benefit is in air quality improvement, it is expected that future funding proposals involving private entities will demonstrate strong emission reduction benefits. Furthermore, this new flexibility requires that greater emphasis be placed on an open, participatory process leading up to the selection of projects for funding. Because of concerns about the equitable use of public funds, the FHWA and the FTA consider it essential that all interested parties have full and timely access in the process of

selecting projects for CMAQ funding. This could involve open solicitation for project proposals; objective criteria developed for rating candidate projects; and announcement of selected projects.

Until more comprehensive guidance is issued, all requests for CMAQ funding involving public/private initiatives must be forwarded by the FHWA and the FTA field offices to Headquarters for review and prior concurrence prior to project approval.

Eligible costs under this section may not include costs to fund an obligation imposed on private sector or non-profit entities under the Clean Air Act or any other Federal law. For example, CMAQ funds may not be used to fund mandatory control measures such as Stage II Vapor Recovery requirements placed on fuel sellers.

The TEA-21 contained special provisions for alternative fuel projects that are part of a public/private partnership. For purchase of privately-owned vehicles or fleets using alternative fuels, activities eligible for CMAQ funding is limited to the incremental cost of an alternative fueled vehicle compared to a conventionally fueled vehicle. Further, if other governmental funds are used for vehicle purchase in addition to CMAQ funds, such governmental funds must be applied to the incremental cost before CMAQ funds are applied. For transit vehicles and other publicly-owned vehicles or fleets, the provisions of the March 7, 1996, Guidance continue to apply. Fleet conversions no longer need to be specifically identified or included in the SIP or maintenance plan in order to be eligible for CMAQ funding. It is recommended however, that consideration of such projects be coordinated with air quality agencies prior to selection for funding under the CMAQ program. This coordination will ensure that such projects are consistent with SIP strategies to attain the NAAQS or in maintenance plans to ensure continued maintenance of the NAAQS.

Decisions over which projects and programs to fund under CMAQ should continue to be made through a cooperative process involving the State departments of transportation, affected MPOs, and State and local air quality agencies. All projects funded with CMAQ funds must be included in conforming transportation plans and TIPs in accordance with the metropolitan planning regulations of October 28, 1993 (23 CFR 450.300) and the transportation conformity requirements (40 CFR parts 51 and 93, August 15, 1997).

 Other Provisions--Federal Share Increase for Transit Vehicle Control Systems

The TEA-21 amends 23 U.S. C. 120 (c) to allow an increased Federal share for transit vehicle priority control systems. Section 120 of Title 23 (see Attachment 3) is amended to provide that the Federal share of funding for priority control systems for transit vehicles may be up to 100 percent.

II. Questions and Issues on Which the FHWA and the FTA Seek Input

The FHWA and the FTA would like comments on the following questions from interested parties, as well as suggestions on how these issues might be addressed in final CMAQ guidance:

1. Public-Private Partnerships: TEA-21 provides greater access to CMAQ funds for projects which are cooperatively implemented by the public and private sectors and/or non profit entities. The new statute now allows

private and non-profit entities to own and operate land, vehicles, and facilities with CMAQ program funds. Three key changes to eligibility follow: (1) Proposed programs or projects no longer are required to be under the primary control of the cooperating public agency; (2) the activity to be funded no longer is required to be normally a public-sector responsibility; and (3) it is no longer necessary to demonstrate that private ownership of a CMAQ-funded project is cost-effective. Below are key questions raised by this new, broad flexibility now available to fund public-private initiatives.

- 1.a. Concerns arise about unfair competitive advantage when public funds will be used for a project owned and/or operated by a private entity. Are there ways to ensure that the public funding (CMAQ) is limited to the production of a public benefit--air quality improvement?
- 1.b. In implementing this provision, the FHWA and the FTA believe it is important to maintain an open and participatory process in the selection of projects or activities to receive CMAQ funding. How can the Federal, State, and local agencies insure that an open process for project selection is preserved?
- 1.c. What safeguards, agreements or other mechanisms should be employed to protect the public investment and insure that joint public/private projects funded under the CMAQ program are used for their intended public purpose, which is to improve air quality?
- 1.d What are the implications of these new flexibilities on the transportation/air quality planning process? For transportation conformity?
- 2. Telecommuting: Currently, eligibility for expenses related to telecommuting programs is limited to planning, technical and asibility studies, training, coordination and promotion. Purchase of computer and office equipment for public agencies and related activities are not eligible. Should CMAQ eligibility be expanded to include these costs?
- 3. Alternative Fuel Vehicles: Under the interim guidance and under TEA-21, CMAQ eligibility under the public-private partnership provisions is limited to the incremental cost of a new alternative fuel vehicles as compared to a conventionally fueled vehicle of the same type. Should this policy be extended to projects that will provide for the use of alternative fuels for publicly owned vehicles and vehicle fleets (other than vehicles used for public transit services)?
- 4. Traffic Calming Measures: While traffic calming is generally considered to have positive environmental impacts, when viewed in the context of the speed-emissions profiles inherent in the MOBILE 5a model, traffic calming measures appear to increase hydrocarbon and CO emissions by lowering speeds. Should traffic calming projects be categorically excluded from CMAQ funding or should they be considered for eligibility on a case-by-case basis?
- 5. Experimental Pilot Projects: A July 1995 revision to the CMAQ Guidance created the flexibility to fund ``experimental pilot" projects. The types of projects were not specified. The hope was to encourage innovative activities that held promise for reducing emissions. To date, this provision has been little used. What can the FHWA and the FTA do to

encourage the implementation of experimental projects under this provision?

- 6. Fare/Fee Subsidy Program: The current CMAQ Guidance allows for partial, short-term subsidies of transit/paratransit fares as means of encouraging transit use. Transit agencieshave used this provision to offer reduced fares on ``ozone alert" days. Should his provision be changed to allow ``free fares"? Should the provision be loosened to allow a broader period of coverage, i.e., hroughout the high-ozone season rather that individual episodes?
- 7. High Occupancy Toll (HOT) Lanes: A congestion pricing strategy that allows limited use of High Occupancy Vehicle (HOV) lanes by single occupant vehicles is known as a HOT lane. Should projects to fund the development and/or operation of HOT lanes be ligible under the CMAQ program?
- 8. Reporting Requirements: The reporting requirements under ISTEA have enabled the FHWA and the FTA to collect valuable information about the uses of CMAQ funds and benefits of CMAQ-funded projects. Do you have any suggestions on how to improve upon the quality of data and information provided in annual reports? Would you use an electronic reporting format if that option were available to you? Do you have any suggestions on how to improve the reporting requirements and minimize the administrative burden of reporting on CMAQ funded projects?